

General Information Letter: Information reports do not need to be filed with the Department of Revenue.

September 24, 1999

Dear:

This is in response to your letter dated August 17, 1999 in which you state the following:

xxxxxxx, acting as transfer agent and transmitter of tax information on behalf of numerous corporations, is requesting updated information on the State Information reporting requirements for 1999 concerning Form 1099 income, shares or principal held by residents of the state of Illinois.

- Information on the optimal method of filing these Information returns such as magnetic tape, paper journals, forms or the utilization of the IRS Combined Federal/State Reporting Program;
- The tape specifications, journal formats or forms necessary to compile and file this information with your office;
- Any specific summary forms that must be utilized to comply with the State Information reporting requirements;
- Written confirmation of all reporting deadlines for tax year 1999.

According to the Department of Revenue ("Department") regulations, the Department may issue only two types of letter rulings: Private Letter Rulings ("PLR") and General Information Letters ("GIL"). For your convenience, we enclose a copy of 2 Ill.Adm.Code §1200 explaining these two types of rulings issued by the Department.

Due to the nature of your inquiry and the information presented in your letter, we are required to respond with a GIL. GILs are designed to provide background information on specific topics. GILs, however, are not binding on the Department.

Currently, the State of Illinois does not participate in the IRS Combined Federal/State Information Reporting Program. We therefore have no tape specifications, journal formats or forms for the purpose of filing informational reports associated with federal Form 1099 income.

Prior to August 20, 1995, the Illinois Income Tax Act ("IITA") required informational reporting on Form IL-1096 for the following types of income:

1. Certain rent and royalty payments (IITA Section 1405.1),
2. Certain payments made under contracts for personal services (Section 1405.2), and
3. Certain payments of prizes and awards (IITA Section 1405.3).

However, Public Act 89-399 eliminated the requirement to file informational returns for the above mentioned types of income. Enclosed please find a copy of the relevant sections of Public Act 89-399 which states that the reporting party is currently required to maintain a record of qualifying payments in a format that is available for review by the Department.

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As stated above, this is a general information letter that does not constitute a statement of policy that either applies, interprets or prescribes tax law. It is not binding on the Department. If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

Sincerely,

Heidi Scott
Staff Attorney -- Income Tax